

Asheville City Council
Planning and Economic Development Committee

2:00 – 3:30 p.m., June 14, 2006
Economic Development Office Conference Room

AGENDA

1. Participation in International Economic Development Council web seminar – Greenville, S.C. mixed use development
2. Approval of the May 10, 2006 Meeting Minutes
3. Updates and Status reports
 - Eagle Market Street Redevelopment
 - CAN Recommendations
 - PRUDENTIAL Signage
 - Civic Center Economic Impact Study
4. Consideration of an economic development/land use study by Dr. Steve Ha of WCU
5. Public Comment (3 minutes for up to 5 individuals)
6. Executive Session (if necessary)



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Mixed Use Development – A Model Success Story

Register online today! All you need to participate is an Internet connection and telephone.

Date: June 14, 2006

Time: 2:00 pm EDT

Cost: \$85 for IEDC members, \$95 for Non-members

Living and working, shopping and leisure, all co-mingled in a shared environment. It's an old idea that is being applied in communities across the country with great results. Old downtowns and deteriorating neighborhoods are being revitalized into vibrant centers of commerce and culture.

But good mixed use development in established places is not easy and success is not guaranteed. Greenville, SC is a classic example of small to medium size city facing the challenges of downtown deterioration and burgeoning suburban development. How Greenville overcame these challenges and created a new town out of the old is the case study for this ICSC/IEDC web seminar. You will learn about the key points that can make or break a project and get in-depth information on feasibility, financing, planning and design, regulatory issues, incentives, marketing, and management. You will hear directly from government officials and private developers about how they meshed their interests to create a win-win development opportunity.

This IEDC Web Seminar happens June 14, 2006 at 2:00 pm Eastern time. All you need to participate is a computer, a telephone and a registration.

If you have any questions or concerns, please contact Jeff Stone at jstone@iedconline.org.

Presenters

Nancy Whitworth, Director of Economic Development, City of Greenville, SC has over 25 years experience in economic development and is responsible for urban planning, business retention and recruitment, commercial revitalization, neighborhood planning and downtown development. Ms. Whitworth has extensive experience in structuring public/private partnerships using innovative approaches and creative financial solutions for major projects in Greenville's award winning downtown.

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Martin L. Navarro, CCIM, Founder of Navarro Real Estate, Inc. is responsible for operations, development services and marketing of client and partnership real estate investment properties. Navarro has extensive background in commercial real estate and finance in a career that began in 1986. This background includes experience in leasing, tenant representation, investment brokerage and development. Navarro specializes in developing retail and mixed-use commercial properties, as well as renovations of existing buildings. Navarro has directed or participated in the development of over a million square feet of commercial space and directed the infrastructure development of hundreds of acres of prime commercial land throughout the Upstate of South Carolina. In previous positions, Mr. Navarro worked with the Furman Company (Grubb & Ellis/The Furman Company) in various executive and managerial positions including Director of Retail Division. Mr. Navarro also worked with RealtiCorp, a research based, land investment company, as Managing Partner.

Mr. Navarro is very active in the commercial real estate industry and professional associations. He is a member of the Commercial Investment Real Estate Institute (CIREI), and an active member (since 1986) of the International Council of Shopping Centers (ICSC) where he served a four-year term (1996-1999) as State Operations Chairman. In addition, he is active with the Greenville Chamber of Commerce, the Greenville Area Development Corporation (GADC) and past Board Member of the Upstate Alliance, a private/public regional economic development organization. Mr. Navarro is a 1979 graduate of San Diego State University, San Diego, and holds the designation of Certified Commercial Investment Manager (CCIM).

Robert Hughes, Jr. is the President of Hughes Development Corporation in Greenville, SC. Mr. Hughes and his firm have been developed a wide variety of projects in the Greenville area including:

- Wachovia, Building a 10 story 160,000 square foot downtown office building whose major tenants include: Wachovia Bank, U.S. Government G.S.A., Insignia Financial Corp., Arthur J. Gallagher, and The Emergent Group was purchased and renovated 1994.
- NewSouth Communications Headquarters, Greenville, SC; renovated in 1997 into 80,000 square feet of high technology office space for a single tenant:
- Cross Creek Medical Park, Greenville, SC, an 8 building 130,000 square foot medical office park.
- RiverPlace, A multi-phase mixed use project. Phase I is almost complete and contains an 87,000 square foot office building with restaurants and retail space, an underground 550-space parking garage, a six-story Hampton Inn with 115 rooms and a restaurant, two condominium buildings with 46 total units, and a public walkway with rental artists spaces along the river that connects RiverPlace to Falls Park. Future phases will include additional office and residential space and parking structures. The first building of Phase II is already under construction and contains three office floors, three residential condominium floors, and restaurant and retail space.
- Poinsett Plaza, Greenville, SC; a 240,000 square foot downtown mixed-use project comprising 220,000 square feet of office; 10,000 square feet of residential; 10,000 square feet of retail all connected to parking and a hotel. Major tenants include Carolina First Bank, UBS, Nelson Mullins, Riley & Scarborough, Womble Carlyle, Sandridge & Rice.

Attend Web Seminars and Earn Recertification Credits from the Comfort of Your Office

We understand that CECDs have a constant yearning to grow and improve their knowledge and expertise in economic development. Therefore, the IEDC Web Seminars have been approved as professional development programs for recertification. The Web Seminars provide a convenient and cost-effective online environment for economic developers to learn about cutting-edge research, techniques, and tools that are prevalent in the field.

CECDs participating in a minimum of three (3) Web Seminars during a three-year recertification cycle can now earn recertification credits. If you have questions or would like more information, please contact Kobi Enwemnwā at kenwemnwā@iedconline.org.



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MEMORANDUM

To: Members of the Planning and Economic Development Committee
Via: Gary Jackson, City Manager
From: Scott Shuford, Planning & Development Director
CC: Sam Powers, Economic Development Director
Date: June 14, 2006
Subject: Economic Development/Land Use Analysis

During the consideration of the Smokey Park Highway Wal-Mart public hearing procedures, Council directed staff to ascertain the cost of a study evaluating how well various land use patterns help Asheville to achieve its economic development goals. Pursuant to this, staff then contacted Dr. Steve Ha, a professor of economics at WCU, to obtain a proposal for such a study.

Dr. Ha has submitted the attached proposal. His proposed study will include several phases, including:

1. Review of City of Asheville Goals and Policies
2. Review of Best Practices
3. Review of Current Zoning Classifications and Regulations
4. Review of Existing Infrastructure
5. Quantitative Analysis of Current and Potential Economic Activity
6. Qualitative Analysis of Spending Patterns and Customer Interests
7. Recommendations and Findings

The total cost for this study is \$23,400. Mr. Powers and I agree that this seems to be an excellent value for such a comprehensive analysis linking our land use and economic development goals. Staff does not possess the in-house expertise to conduct such a study.

If the PED Committee agrees, the proposal will be forwarded to the entire Council via email for its consideration prior to any authorization-to-proceed from the City Manager.

Mr. Powers and I will be prepared to discuss this with you at your June 14 PED Committee meeting.

STAFF REPORT

TO: Mayor Bellamy and City Council DATE: 6-20-06 (w/s)
VIA: Gary Jackson, City Manager
FROM: Scott Shuford, Planning and Development Director
SUBJECT: Consultant Contract for Economic Development/Land Use Analysis

Summary Statement: The City Manager will proceed with a consultant contract with Dr. Steve Ha for an economic development/land use analysis.

Review: During the consideration of the Smoky Park Highway Wal-Mart public hearing procedures, Council directed staff to ascertain the cost of a study evaluating how well various land use patterns help Asheville to achieve its economic development goals. Pursuant to this, staff contacted Dr. Steve Ha, a professor of economics at Western Carolina University, to obtain a proposal for such a study.

Dr. Ha has submitted the attached proposal. His proposed study will include several phases, including:

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5. Quantitative Analysis of Current and Potential Economic Activity
6. Qualitative Analysis of Spending Patterns and Customer Interests
7. Recommendations and Findings

The total cost for this study is \$23,400. Economic Development Director Samuel Powers and Planning & Development Director Scott Shuford agree that this seems to be an excellent value for such a comprehensive analysis linking our land use and economic development goals. Staff does not possess the in-house expertise to conduct such a study.

Recommendation: No action is required by City Council. The City Manager will proceed with the proposed economic development/land use study and contract with Dr. Steve Ha.

Attachment:
(1) Proposal

The Economic Impact of Retail Development on the Economy of Asheville, North Carolina

Submitted by:
Inhyuck "Steve" Ha, Ph.D.
Assistant Professor of Economics
Western Carolina University
May 2006

This proposal outlines an economic impact study to measure the economic and fiscal impact of retail development, particularly that which is commonly referred to as "big box" retail, on the city of Asheville, North Carolina; particular attention will be given to West Asheville. This study will consider the economic impact of retail development including existing and needed infrastructure; the municipal, county, and state roles in development; current and potential spending patterns; existing development; and existing and needed zoning. This study will define economic impact in terms of both dollars and jobs generated as a result of a change in the economic climate of Asheville.

This proposal outlines the principal phases of this study, the background of the principal investigator, the timeline to complete the study, and the project budget.

STUDY BACKGROUND AND SUMMARY

In Spring 2006, the Wal-Mart Corporation approached the City of Asheville about building a new store in West Asheville. Although this proposal was subsequently withdrawn, the City Council decided that the time was appropriate to more thoroughly consider the City's stated development goals and policies and how new economic development, particularly big box development, fits into and affects these policies.

The proposed study will address the issues raised by the Council and make a series of recommendations.

Principal Phases of Study

This study will include several phases, including:

1. Review of City of Asheville Goals and Policies
2. Review of Best Practices
3. Review of Current Zoning Classifications and Regulations
4. Review of Existing Infrastructure
5. Quantitative Analysis of Current and Potential Economic Activity
6. Qualitative Analysis of Spending Patterns and Customer Interests
7. Recommendations and Findings

1. *Review of City of Asheville Goals and Policies*

Dr. Ha will undertake a thorough review of the City of Asheville's development goals and policies to understand the City's goals for economic and residential development. This study will consider the types of economic development encouraged and permitted by the City as well as available economic development programs and assistance. This phase will also examine studies by other cities and counties that have considered these questions.

This phase will outline how different types of development, in particular retail, dovetail with the City's goals for growth.

2. *Review of Best Practices*

The principal investigator will investigate similar studies conducted in North Carolina and around the country that considered both the outlook for economic development and land use. This stage of the research will allow Dr. Ha and the City of Asheville to consider the strongest methods for conducting this type of study.

3. *Review of Current Zoning Classifications and Regulations*

After completing his review of the City's development goals, Dr. Ha will review the City's zoning regulations and distribution of zoning classifications in Asheville, particularly West Asheville. This will include the requirements and processes that developers of retail buildings have to follow and complete in order to implement a project in Asheville.

The review of zoning classifications will illustrate where different types of development can currently be located and what types of development would require changes to the zoning map in order to be implemented.

This phase will help the City of Asheville understand how its zoning map and regulations correspond to its goals and what changes would be required to affect retail development.

4. *Review of Existing Infrastructure*

Dr. Ha will complete an inventory of existing infrastructure such as roads, waterways and flood areas, and mass transit. This phase is important in order to understand what public investments may be needed and/or requested in order to accommodate future development.

5. *Quantitative Analysis of Current and Potential Economic Activity*

This phase will gather and evaluate a number of different types of financial data in order to understand the demographics of Asheville, current retail and other spending activity,

the potential impact of new types of development, as well as other issues that may emerge from these analyses. This phase will include data gathered from federal, state, county, and city sources, as well as the participation of government policy makers and staff and local business organizations.

A. Geographic Market for Economic and Residential Development

In the first step of this analysis, Dr. Ha will identify the geographic market from which Asheville attracts economic and residential development. In other words, what are the geographic boundaries from which Asheville attracts buyers of goods and services, as well as the decision to residentially locate in Asheville? Using a variety of financial indicators, Dr. Ha will determine from how broad an area Asheville attracts people to come shop, work, and/or live. He will test a number of boundary definitions in order to capture the largest, appropriate area. Among the areas that may be tested are Asheville, all towns within x miles of Asheville, Buncombe County, a number of counties, and/or Western North Carolina.

If the City can accurately understand the range of its impact on North Carolina's economy, it can make more informed economic decisions.

B. Economic and Employment Data

Second, the investigator will collect a wide variety of financial and employment data about the Asheville economy. He will gather a variety of data including tax receipts (property, sales, and income), population shifts, employment, real estate transactions, and government investments in Asheville over the last five years. He will also consider the transfer of goods and services in and out of Asheville in order to determine the impact of commercial activity in the Asheville area.

This analysis will include collecting existing data from all levels of government. Dr. Ha will use the data collected to understand the current economic climate as well as future growth in terms of retail and other economic growth and residential shifts.

To project future growth, he will develop econometric statistical models that use existing data to project future customer volumes and spending. This data will combine data collected about the Asheville area as well as comparison data from other parts of the country.

To measure ongoing economic activity, Dr. Ha will seek to understand the direct (or initial) and indirect (or secondary) dollars spent in the geographic market area. Using IMPLAN software, he will identify dollars spent on goods and services available within the regional or local economy that can be traced directly to the city of Asheville.

He will then conduct an input-output analysis to understand the secondary dollars that can be attributed to the city. There are two types of secondary effects – indirect and induced. Indirect effects result from the expenditures businesses make to replenish goods

and improve services that have been purchased by direct expenditures. Examples of indirect effects would be buying new stock for a grocery store after local businesses and institutions purchase fruits and dairy products from the store or adding more rooms to a bed and breakfast due to demand from tourists to the area. Induced effects are secondary dollars that result from an increase in household spending by either a) new employees who are hired or b) current employees paid to work longer hours in order to provide the goods and services being purchased. An example of an induced effect would be the extra spending of a local family because the father, who manages the grocery store, works longer hours when the grocery store is open to meet the needs of local attractions and their employees.

After conducting the analyses for both the initial and secondary effects, the investigator will be able to tell local officials and other concerned stakeholders the total effect of the city on its defined market area.

6. *Qualitative Analysis of Spending Patterns and Customer Interests*

To gain a deeper understanding of the data collected and analyzed, the principal investigator will interview select business owners and consumers in person. This will allow him to gain their personal impressions that cannot be easily garnered in a printed, uniform survey.

He will be able to ask consumers about a variety of economic quality of life issues in the area. He may ask them about what attracted them to the area; what local amenities they value or feel are missing; and/or how the local economy may influence their tenure in the area.

From local businesses, he will be able to learn about how the local economy affects the goods and services they provide; how they would like or expect to grow; and what changes in investment or infrastructure they feel may improve the economy.

7. *Recommendations and Findings*

Once the quantitative and qualitative analyses are complete, the principal investigator will present a final report to the City of Asheville. This will include an overview of the data collected, the analyses conducted, the main findings, and recommendations about future development in Asheville.

Principal Investigator

Dr. Inhyuck “Steve” Ha, Assistant Professor of Economics at Western Carolina University, will conduct this study. A graduate of the University of Minnesota, Dr. Ha focuses on the economic impact of development and tourism on local economies as well

as the effect of government efforts to stimulate local economies. He has evaluated the effect of these triggers in Minnesota, Florida, and North Carolina.

Dr. Ha will work closely with City of Asheville elected officials and staff as well as local community and business leaders to obtain the data needed to complete this study. Dr. Ha will also invite talented Western Carolina undergraduates to assist him in organizing and entering data; thus providing undergraduates with a valuable opportunity to gain real world research experience.

TIMELINE OF PROPOSED STUDY

As outlined above, this study will have six major stages that will take about 20 weeks to complete. The length of each phase is:

1. Review of City of Asheville Goals and Policies 2 weeks
2. Review of Best Practices 2 weeks
3. Review of Current Zoning Classifications and Regulations 2 weeks
4. Review of Existing Infrastructure 2 weeks
5. Quantitative Analysis of Current and Potential Economic Activity 5 weeks
6. Qualitative Analysis of Spending Patterns and Customer Interests 5 weeks
7. Recommendations and Findings 2 weeks

Budget

Item	Hours to Complete	Completed By
Research Design	10 hours	Principal Investigator
Review of the City's goals, policies, best practices, zoning classifications and regulations, and infrastructure, as well as best practices from around the nation. Make recommendations	40 hours	Principal Investigator
Data Collection, including the administrative and financial data from the City offices, and data analysis	40 hours 80 hours	Principal Investigator Western Carolina University (WCU) students under principal investigator's supervision
Data Clean-up and Literature Review	60 hours	WCU Students
Data Quality Check	5 hours	Principal Investigator
Qualitative Analysis	60 hours	Principal Investigator
Model Estimation and Simulation	20 hours	Principal Investigator
IMPLAN Model Analysis	20 hours	Principal Investigator
Data Interpretation and Report Writing	20 hours	Principal Investigator

Sub-Total – Hours <i>Principal Investigator</i> <i>Western Carolina Students</i>	215 hours 140 hours	Hourly Rate \$100.00 \$ 10.00
Sub-Total <i>Principal Investigator</i> <i>Western Carolina Students</i> <i>Total</i>	\$21,500.00 \$ 1,400.00 \$22,900.00	
Miscellaneous Expenses (printing, travel, etc.)	\$ 500.00	
Grand Total	\$23,400.00	